CHOOSING THE RIGHT COMPLIANCE VENDOR:

Screening Tactics and Due Diligence Questions

ETHICO

How to Choose the Right Compliance Vendor

Having a reliable, capable, ethics and compliance vendor that cares deeply about your organization's needs can strengthen your compliance department and ease the burden on overworked in-house professionals. **A quality vendor will become a true extension of the company's compliance team.** As a Sherpa would not leave her charges stranded on a mountain, a vendor should never leave a client without the partnership they need to succeed in their duties and responsibilities. Your vendor should be engaged in the company compliance journey from start to finish.

> Many vendors, however, fall far short of actually caring about the companies they serve. When faced with a slick sales pitch and curated reviews, how can you uncover what a vendor is really about?

This ebook examines the common characteristics of troublesome vendors and outlines due diligence questions companies can ask to ensure they are partnering with the right providers.

3 Bad Traits That Signal Troublesome Vendors

With the right questions, a sub-par vendor should be easier to spot. Below, we've described three traits troublesome vendors have in common and provided questions you can ask to uncover whether your vendor is one of the good ones.

First, a lack of honesty and clarity pervades too many vendor relationships.

Slick sales pitches and demos often set expectations that the resulting service never lives up to. Dealing with such vendors is akin to having breakfast at a cheap diner. The meal you get never looks like the beautiful picture on the menu.

3 Bad Traits That Signal Troublesome Vendors

Second, a vendor's internal silos can make getting the most out of their services extremely difficult.

Finger-pointing between departments is another blatant indicator. This lack of internal communication often creates havoc and tension that the in-house compliance team has to deal with.

Ideally, a vendor will function as a single, cohesive organism designed to help its clients. However, sometimes it feels like a vendor is a collection of fiefdoms, each with its own priorities. Bad hand-offs between the sales team and the ops team is a major symptom of this category of vendor shortfalls.

3 Bad Traits That Signal Troublesome Vendors

Third, working with a sub-par vendor often requires constant follow-up and requires you to take extra steps to ensure that requested items are delivered.

It is common for issues to remain unresolved unless they are escalated up the chain of command, thus forcing the vendor to adhere to its contract or agreed-upon service levels.

5 Questions to Ask All of Your Vendors

Guarding against the potential damages caused by vendor shortfalls will require some effort. Spend time talking about the vendor's culture

> **Apply the "Dig Thrice Rule" – once you ask a question, ask three more "digging" questions.**

This will provide a lot of extra information and allow you to better analyze the authenticity of their answer.

For example, an initial question about the company's culture could be followed by, "How does that manifest itself?" "What's an example where this showed itself recently?" And finally, "How do you know you are living that out?

Below are five questions to help you begin to uncover the true nature of any potential partner:

5 Questions to Ask All of Your Vendors

1. WHAT DO YOU VALUE AS AN ORGANIZATION?

Each vendor is a living, breathing organism with a unique personality that is expressed not through the values that it lists on its website, but the values that it actually practices. Getting a clear picture of these values is critical. The key is being able to specifically articulate the values that truly guide a vendor's behavior. Focus your discussion on value-based behaviors and look for consistency in how values – good or bad – are lived out. For example, ask the vendor about a recent customer service issue they had and how they handled it. Ask if they will send you client references that are in the same industry as your company. **Questions like these will show you how the vendor truly responds to difficult situations and will give you a good idea of whether or not they live out their stated values.**

2. HOW KNOWLEDGEABLE IS YOUR TEAM ABOUT COMPLIANCE AND ETHICS ISSUES?

The ever-changing compliance landscape is difficult to keep up with. **Look for a vendor that has in-house compliance expertise such as a compliance officer that can provide guidance, best practices, and insights around new regulations and what they mean for your organization.**

Ensure that the vendors' employees are knowledgeable about evolving compliance obligations. Ascertain the average tenure of the employees that will be interacting with your company. High turnover rates mean your most sensitive compliance issues may be handled by someone without the qualifications and experience to understand them.

5 Questions to Ask All of Your Vendors

3. HOW FLEXIBLE IS YOUR SERVICE OR PRODUCT?

Your unique compliance and ethics needs cannot be met with an out-of-the-box solution that is cumbersome and inflexible. Ask how the vendor will ensure that workflows are tailored to achieve your specific goals.

4. WHAT SERVICE LEVELS DO YOU OFFER WITHIN, OR IN ADDITION TO, QUOTED/SUBSCRIBED SERVICES?

We all know how it stings to get hit with hidden fees like checking a bag on a flight or the 'optional features' shown on car commercials. Some of us know how much worse it is when those charges hit a corporate budget.

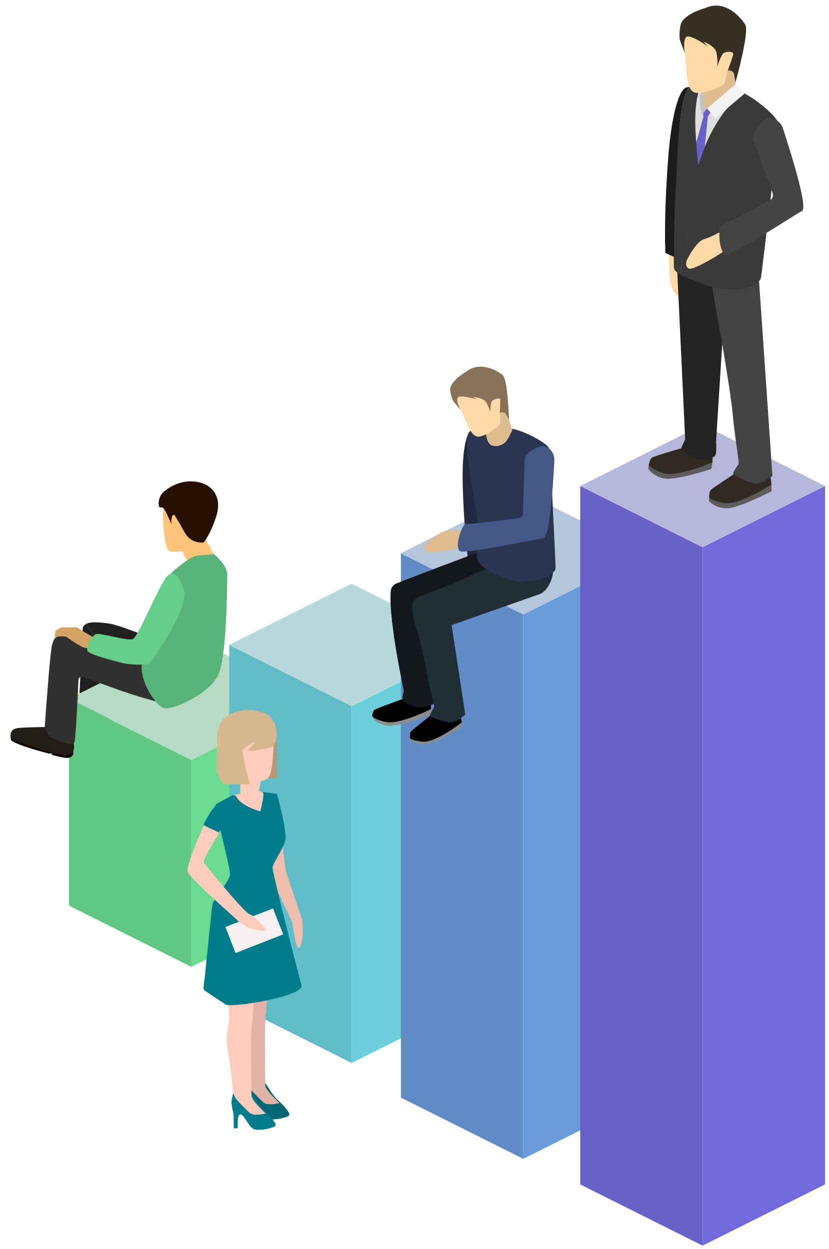
Beware of off-the-shelf setups that may force your team to waste time and money.

Ensure that training and follow-up will not decrease your ROI.

5 Questions to Ask All of Your Vendors

5. WHAT ADDED VALUE DO YOU PROVIDE TO OUR COMPLIANCE TEAM?

Every question you ask should come down to ROI. **A quality vendor should be able to articulate exactly how it can help your company to foster a more engaged workforce, decrease legal and regulatory risks, and increase employee performance.** It should be able to explain how its product or service will save your compliance team time and allow for focused improvements to your entire compliance function.



3 Questions to Ask a Hotline Provider

1. WHAT IS YOUR AVERAGE CALLER WAIT TIME BEFORE A CALLER SPEAKS TO A LIVE OPERATOR, AND WHAT IS YOUR CALL ABANDON RATE?

A prompt and courteous greeting from a live operator leads to a better call experience that drives satisfaction for the hotline caller.

> **Long wait times, call queues, or other service issues send callers a message that they don't matter.**

When a would-be reporter abandons a call, you miss an opportunity to find out about serious issues that create risk for your organization. Such issues can also create a drag on your compliance culture as people spread the word that it's not worth the effort to call the hotline.

3 Questions to Ask a Hotline Provider

2. WHAT IS YOUR PROCESS AND CURRENT RATE FOR QUALITY REVIEWS?

In many call centers, managers may only look at a few reports out of every hundred and assume that everything else is going well. But compliance issues come in all shapes and sizes. **Ensure that your vendor has a quality assurance review in place and that they are digging deeply enough to uncover any problems that may arise.**

3. WHAT QUESTIONS ARE ASKED OUTSIDE THE SCRIPTED PROCESS?

A routine hotline report can go in myriad directions. This is why a one-size fits all call script is seldom effective. Operators should be trained on how to ask intelligent follow-up questions about witnesses, prior/related instances, and any other details that pose a risk to your organization. With these, your compliance team can move quickly and appropriately while helping the callers feel heard.

Make sure your vendor's process allows for discovery outside of hard-scripted questions so your issues, and your callers, aren't forced into a box.

3 Questions to Ask Case Management Solution Provider

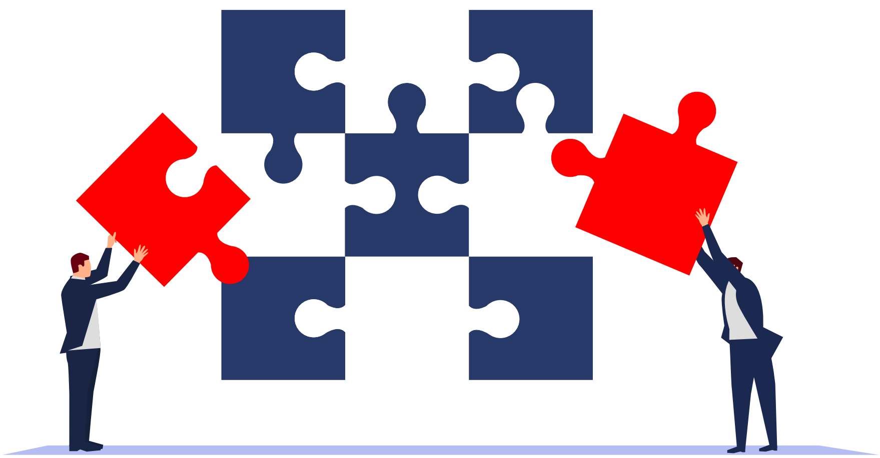
1. HOW CUSTOMIZABLE IS YOUR SOLUTION?

You shouldn't have to change your processes to fit a new case management solution. It should be the other way around. A configurable case management solution allows you to work with your existing compliance processes and customize the software to meet your unique needs.

> When a product is built with the needs of your organization in mind, it can be a true extension of your team and your ethics and compliance efforts.

2. WHAT ARE COMMON COMPLAINTS ABOUT YOUR SOFTWARE?

Look for software that is easy to use and will improve your processes. It is critical to have all compliance cases in one place so you can manage investigations efficiently and easily uncover the root cause of a report. The software should also be agile enough to drive dynamic responses to nuanced issues.



3 Questions to Ask Case Management Solution Provider

3. WHAT TYPE OF ANALYTICS ARE AVAILABLE?

Without quality analytics, a company is often unable to quickly identify risks and drive targeted solutions. Reporting should be insightful and actionable. **Look for an integrated platform that gives you the ability to build flexible, customized, and interactive reports.** Useful analytics will allow you to drill into details to identify possible systemic ethics and compliance risks and quickly address them.

Three Questions to Ask a Training Provider

1. WHAT MAKES YOUR TRAINING PROGRAMS UNIQUE AND ENGAGING?

Training fatigue is an issue faced by almost every organization. **You need training courses that encourage comprehension and retention of the information that's being delivered.** Demand programs that will hold employees' interest such as courses with interactive videos, real world scenarios, integrated games, and a reward system.

Three Questions to Ask a Training Provider

2. ARE YOUR TRAINING METHODS RESPECTFUL OF EMPLOYEES' LIMITED TIME?

Learners don't have to feel like you are wasting their time. Consider products that condense compliance training into bite-sized episodes that employees can easily consume.

3. HOW CUSTOMIZABLE ARE YOUR PROGRAMS?

A program that allows you to easily and cost-effectively customize course text, graphics, audio, and video to suit your organization provides the highest value. **Do not settle for an off-the-shelf product that won't address the nuances of your business.**

3 Questions to Ask a Sanctions Screening Provider

1. DOES YOUR SCREENING SERVICE LEVERAGE ALL RELEVANT LISTS AND PROVIDE CLEAR RESULTS?

Screening against the right set of lists can make or break a sanctions program. Screening against too few lists can cloud your ability to see and address risks but reviewing too many can waste time and may lead to you overlooking more damaging risks.

A quality service will automatically check all relevant databases and individuals on one unified platform and provide clear, actionable results.

2. WHAT ARE YOUR TURNAROUND TIMES AND ERROR RATES?

When sanction screening takes too long or the results are inaccurate, a company cannot make risk-based, timely decisions. Look for a vendor that can guarantee their delivery time and the accuracy of their screening results.

3 Questions to Ask a Sanctions Screening Provider

3. DO YOU LOOK FOR INFORMATION OUTSIDE OF PUBLIC DATABASES?

A service that relies completely on information posted in public databases is unlikely to meet the needs of most companies. Critical information for confirming or ruling out a potential match is often only available outside the standard public list, and often requires a phone call to a sanctions agency. Can your provider take these additional steps to uncover this kind of information?

3 Questions to Ask a Provider of Policy Management Software

1. CAN YOUR SOFTWARE ASSIST THE COMPANY IN PERFORMING ALL ASPECTS OF POLICY MANAGEMENT?

Policy management software should allow the compliance department to operate more efficiently by streamlining the full policy management process.

Ask whether software can handle the process from start to finish, including creating, reviewing, and distributing policies. It should also be able to track employee attestations and deliver full reporting across all of the policies in the system.

3 Questions to Ask a Provider of Policy Management Software

2. HOW EASY IS THE SOFTWARE TO USE?

Quality policy management software is easy for end-users to navigate and will play well with the company's other platforms. The software should manage a variety of files (such as Word Documents and PDFs), and easily integrate with the company directory and 3rd party software. If the software doesn't have it's own e-signature capabilities, then make sure that it can integrate with one of the major e-sign vendors in the marketplace.

3. ARE THERE ANY HIDDEN COSTS ASSOCIATED WITH THIS SOFTWARE?

Consider what costs might be incurred after the software is published. What is the storage capacity for hosting documents and what is the pricing structure for getting additional space. Is training included in the cost of the software? If not, what does it cost?

Conclusion

Selecting a quality vendor requires careful due diligence. If you're willing to settle for anyone who can provide a phone number and an email address, you have a world of options. But with the process outlined above, you'll be able to uncover much more than what you would find in online reviews and vendor resources. **When choosing a vendor we urge you to consider what organization will make the best partner and who will add the most value to your ethics and compliance program.**

And Now, Ethico Has a Question For You

What is most important to you when choosing a compliance solution provider? How can we help?

Ethico is dedicated to delightful customer service, expert configuration, efficient technology, and actionable information. We make the most caring and professional compliance leaders more effective, trusted, and confident every day. **Your ultimate success as an ethics expert is our focus.**

About Ethico

For more than 20 years, Ethico has put our customers and the quality of our work before profits to become the leading provider of ethics and compliance (E&C) solutions and second- largest player in the space. Our clients trust us to listen to their employees and empower us to assist in the identification of unethical, illegal, and questionable behavior.

In building this trust, we have provided compliance solutions in 50,000 locations to more than 6 million employees in 100+ countries through our highly-trained, caring, and compliance-minded professionals.

We have helped E&C leaders investigate nearly 10 million reports, offering employees the industry's leading-edge tools to report unethical or illegal behavior free from retaliation.

Our client companies include Fortune 500 companies, such as International Paper and AT&T, a higher concentration of risk-conscious industries, including 6 of top 7 US healthcare systems, and brands of all sizes who value their people and their impact, like Johns Hopkins University, Raytheon Technologies, Blue Cross Blue Shield, and numerous county and city governments.

OUR SERVICES:

Hotlines (Issue Intake)

Exit/Stay Interviews

Sanction Screening

Case Management

Disclosure Forms

Compliance Training

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